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# Remodeling Public Value Creation: Assessment of Innovation in a Public Service Sector.

**A contribution to the panel *Innovative practices of public service delivery in the post NPM-era***

**XVII IRSPM Conference 2013**

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## Abstract

Public value creation was introduced in 1995 by Mark Moore as a new concept to innovations in public sectors. Overcoming drawbacks of the Weber's classical politics bureaucracy divide and avoiding the pitfalls of New Public Management Moore's concept appeals to the aims of New Public Governance. Public Value Creation has been subject of a fierce discussion. In this paper an alternative model is drawn, in order to eliminate two asserted weaknesses, namely the absence of the public itself at the judgment of public value and the omission of competing and conflicting interests in the public territory. Two examples of innovation, derived of the Dutch public housing, are assessed by means of the proposed model. The assessment results into new insights. The authorization by the political environment does not guarantee that the chosen innovations are sufficiently legitimized. If the strategy has a weak relation to the public service purpose and practice the outcome might be judged negatively by the public environment, in spite of eventual approval by the political customers. Secondly, unjustified authorization of intended break-through innovations entails high risk of failure in public sectors. The failure is indicated by a massive waste of public resources and a loss of institutional trust.

## Introduction and questions

Mark Moore's seminal book 'Public Value Creation' (1995) has made an appeal on the innovative aspiration of practitioners. Moore et al. define innovation as:

"Those changes worth recognizing as innovation should be...new to the organization, be large enough, general enough and durable enough to appreciably affect the operations or character of the organization." (Moore, Sparrow, & Spelman, 1997, p. 276)

We start with an approach of innovation in public sectors, based on unambiguous taxonomies. Firstly, the public context is taken into account. Hartley (2005, p. 29) discerns the roles of a) the public managers b) the policy makers, and c) the population. This in-between position of the executives of service providers is also applicable to nonprofit sectors, where the nonprofit organization have the capability to bridge the gap between governmental bodies and the clients in an innovative way (Badelt,

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2003, p. 149). One role has to be added, namely the one of the professionals, to be distinguished from the one from the public manager. Since Lipsky (1980) the street-level professional are got in the picture of scientists. The question whether managers and professionals have opposing interests especially in situations of organizational change is subject of an ongoing debate (Noordergraaf & Steijn, 2013). Anyway, their roles are principally different. Hartley (2005, p. 28) points out three options for the position of innovation: bottom up, top down and lateral. Each option has particular advantage and disadvantages, depending on the kind of innovation.

Hartley (2005, p. 28) propose a taxonomy based on features of innovations in public sectors:

- Product innovation-new products.
- Service innovation-new ways in which services are provided to users.
- Process innovation-new ways in which organizational processes are designed.
- Position innovation-new contexts or users.
- Strategic innovation-new goals or purposes of the organization (for example community policing).
- Governance innovation-new forms of citizen engagement, and democratic institutions.
- Rhetorical innovation-new language and new concepts.

Hartley (2005, p. 29) makes a distinction between improvement and innovation, which however appears to be mixed up with the geographical levels of dissemination. Moore proposes two models of innovation, the first break-through innovations and the second innovative (learning) organizations and continuous improvement (Moore, 2005, p. 45). Hartley (2005, p. 31) elaborates the difference between improvement and innovation in a matrix, simplified presented in the next table.

**Table 1 Improvement innovation matrix derived from Hartley (2005)**

continuous improvement but no innovation	both innovation and improvement
neither innovation nor improvement	innovation but no improvement

Examples of the right beneath quadrant are among others “increased choices but not desired by service users” and “loss of performance due to learning curve and operational bugs”. These examples fit in a vision which diverges from the “traditional bias of the literature that innovation is necessarily functional”. (Hartley, 2005, pp. 31, 27).

This vision brings us to the question under which conditions innovations in public sector succeed or fail. Moore's 'strategic triangle' includes three conditions a) clarifying and specifying the strategic goals and public value outcomes, b) building of operational capacity to innovate, and c) and creating an authorizing environment (Benington & Moore, 2011, p. 4). However the public value creation concept is contested seriously by some authors, so the critique might give better clues to success and failure of innovation in public sector. Another question is whether it is adequate to base a model on tradeoffs between abstract conditions. To wit, actors get involved in interactions and transactions, each with their particular roles. An aim of the paper is to draw a model for the assessment of innovation in public sectors that eliminates weaknesses of the Moore model. A next question is whether this alternative model is suited for the assessment of innovation in public sector.

A sample of innovative practices is taken from the Dutch public housing sector. The deliberateness of the sampling (pairing a success to a failure), the small size (n=2) of the sample and the specific context are conditions under which a valid and fair comparative testing of models is not possible. For that reason the final question is what new insights are acquired by the alternative assessment of these specific examples of public sector innovation.

## **Critique on Moore's public value creation concept**

Moore's concept of public value creation has become subject of a scientific controversy, in which objections are made by Rhodes and Wanna (Rhodes & Wanna, 2007; Alford, 2008; Rhodes & Wanna, 2008). Benington and Moore (2011, p. 18) summarize the objections of Rhodes and Wanna (2007):

1. "that it is unclear whether public value ideas are based on normative or empirical reasoning (...)
2. that it embraces too broad and loose a definition of the public manager (...)
3. that is not applicable to Westminster-style democracies, where there is a sharper distinction between the roles of elected politicians and appointed managers, than in the US and other systems (...)
4. that it assumes too benign a view of public managers and public organizations - and ignores the 'dark side' of the state's regulatory activity, and the asymmetrical power relations between state officials, clients, citizens and other interest groups (...)
5. that it gives a dangerous primacy to entrepreneurial public managers in shaping the content of policies and programmes, at the expense of elected politicians and political parties (...)
6. that it defers too much to private sector models of management and fails to acknowledge the very different goals and accountabilities of public management within a democratic political framework (...)
7. that it downgrades the importance of party politics, and raises public managers to the status of Platonic guardians and arbiters of the public interest, instead of recognizing that public value is highly contested territory, in which competing and conflicting interests can only be negotiated between elected politicians through the democratic political process.

Point 1 would be surmountable if a sound empirical core remains if the concept is stripped from its positive appeal. Points 2 and 3 are not to the point in this paper, because the cases are located in a other style of democracy with a large share of nonprofit organizations in the delivery of public services (Hupe, Meijs, & Vorthoren, 2000). The objection of a alleged ignorance of the 'dark side' (Alford, 2008, p. 363; Rhodes & Wanna, 2008, p. 365) (point 4) would be a problem if failures occur while the Moore model predicts success or if public managers claim successes while politicians, citizens or both groups contest the results of the innovation. Rhodes and Wanna (2007) presume that only politics are potential victims of self-interested (point 5) or self-referential (point 7) public managers, while also clients, organizations, the public and other interest groups could suffer from bad innovations in public sectors. The objection that Moore too much relies on private sector models of innovations was forestalled by publications in which this problem was solved (Moore, 2000, p. 189; Moore & Khagram, 2004). If there is a problem on point 6 it is that strategic management has a bias for break-through innovations with redefinition of primary goals or objectives and gives a focus on the strategic level at which clients get easily out of sight.

This last point is made by Symes (1999, p. 162), who proposes "that customer-service-type interactions with conceptual customers will provide the key to service quality improvements", and that "greater attention to meeting customer needs at the operational level (...) could open up opportunities for greater citizen participation and evaluation of public programs". Benington and Moore refer to Meynhardt (2009, p. 195) who addresses the unclear treatment of the 'public good' question in Moore's book, just like Rhodes and Wanna (2007, p. 421). Kingma (2003, p. 59) points at the situation in many nonprofit sectors where private goods are semi-publicly delivered with the intention to produce positive externalities. Hartley (2005, p. 34) writes about "the context of complexity for public service organizations (...) that they are embedded in society, producing not only benefits (and obligations) for individuals but also providing public goods and services, establishing collective efficiency, and creating collective rules and purposes". Moore reduces this very complexity by abstracting the public goods creation from the public service delivery to clients. This reduction causes problems for the interpretation of the concept, and, also to the application of the concept into divergent 'businesses' of public service delivery.

Rhetorical innovation (2005, p. 28) reflects an aspect of what Stoker (2006, p. 55) regards as a specific dilemma of public value management, "encouraging a talking shop rather than an action-oriented management". As remedy Stoker promotes "good practice and and stakeholder pluralist review to ensure that the system delivers effective stakeholder democracy and management". Adherence to political customers, as put forward by Moore, will be rather a cause than a remedy to talking shops of innovation.

Finally Meynhardt (2009, p. 195) discusses the mimicking of shareholder value: "Its prima facie-attractiveness also stems from the rhetoric mimicking of the private sector idea of shareholder value. But obviously, in order to be able to challenge other approaches we need a more integrated notion of value than that used for measuring shareholders wealth." Benington and Moore (2011, p. 5) write about negotiations and tradeoffs between the three factors of the strategic triangle, associating to the world

of shareholder value. However, it is very interesting to observe the actual transactions in a public innovation practice. What resources are exchanged, what material and immaterial goods are delivered?

### **An alternative model for the assessment of innovation in public sectors**

In this paragraph a design of an alternative model for public sector innovation is presented. The design is based on insights from differing scientific disciplines, starting with philosophy. Public value creation has more implication than the strategic management scope and one actor perspective are able to comprise. In his critique, Meynhardt (2009, p. 198) initiates ontological issues. It is important to have a clear philosophical base, in order to maintain a straight line of arguing. The model is based on principles of the pragmatic philosophy of Dewey and Mead, providing the following scheme of human agency (Jacobs, 1993, p. 74):

Individual – Society – Individual<sup>2</sup>

Dewey en Bentley (1949, p. 97) propose three concept for the connection of the individual to society:

- Self-action. In this paper self-action regards the intentions, perceptions, and judgment of the actor.
- Interaction between actors
- Transaction, regarding the exchange of goods, ideas, and definitions of the situation etc.

A postulate is that there is always a chain running from the individual actor who decides and acts at the public delivery of the goods and the individuals, both clients/customers and public. Executives might have that idea that the chain stops at the exchange, but the public will involve judgments on the interaction and self-action of the executives and employees in its valuation of the deliverance. The discovery of the existence of the closed chain is clearly illustrated by the Brentspar case of Shell, when Shell thought it was only a matter of the company itself how to get rid of worn out oil-platform and was waylaid by an outrage of public indignation. The judgments by the public involve the valuation of the interaction and self-action<sup>3</sup> of the delivering actor. If a customer feels bad about the attitude and communication by the delivering actor, he or she will have a negative valuation of the transaction, even if the quality of the transaction is not subject of discussion.

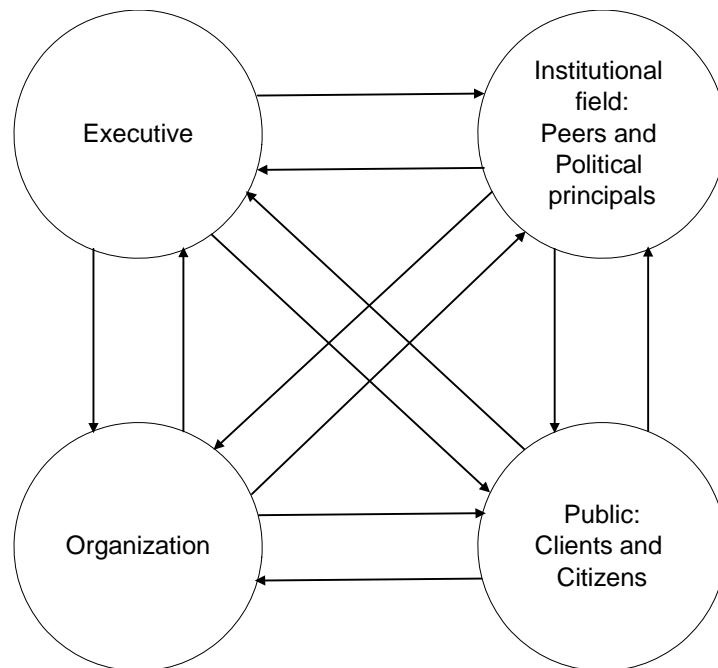
The following figure is a flow chart in which all possible connections are drawn.

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<sup>2</sup> Jacobs opposes this scheme to those from Bourdieu (structure – habitus – structure) and Giddens (action – structure – action)

<sup>3</sup> In public media there are many attributions to the self-action of bankers and public sector managers, like greed napoleonic dreams and narcissism.

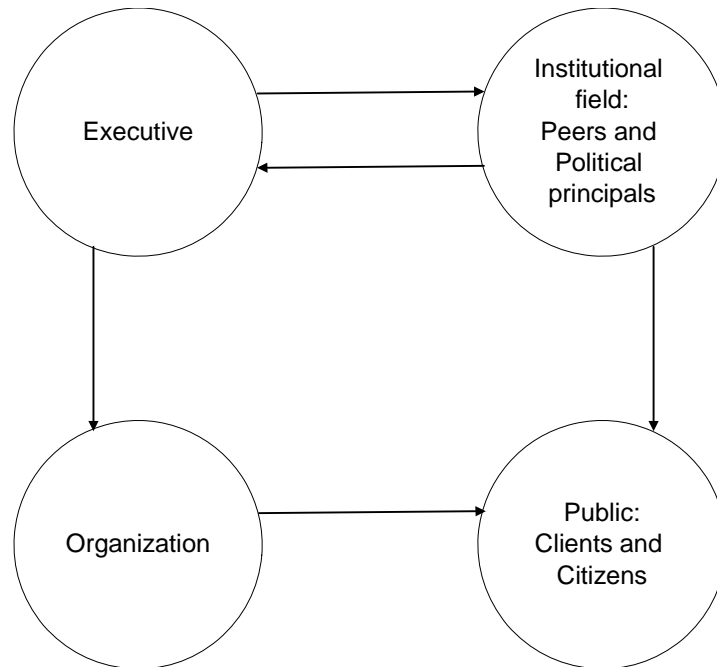
Figure 1 Model of public sector innovation with all connections



Habermas has argued that there are two levels: the level of everyday life ('Lebenswelt') and the level of the Systems of society (Habermas, 1982, p. 182). This distinction is familiar to Lipsky's street-level (Lipskey, 1980), where public organization officials are interacting with clients. Habermas (1982, p. 229) assumes that Lebenswelt and System might be decoupled. This concept of decoupling is also proposed by the institutional sociologists (Meyer & Rowan, 2000, pp. 58, 61). Meyer and Rowan draw the decoupling between organizations and an institutional field, arguing that supervisors on these fields are not really interested in the results of the operations of the organizations. So their decoupling implies that the connection between organization and field is weak. However the fields is used as place where executives find new ideas to implement top down in their organizations.

The idea of decoupling shed a light on public value creation. Managers think out innovations which involve service to the clients and the production of positive externalities to the citizens in general. They conceive their innovations in close connection to their authorizing environment, including peer and political customers. We follow Moore (2005, pp. 2-3), assuming the institutional fields includes a diffuse collection of actors involved in the particular public service. The political customers should be legitimized by the fact that they are democratically elected. When this way of innovation is setup in the model, several connections are dropped.

Figure 2 Decoupled mode of public sector innovations model



There is a connection between the top level and the bottom but the connections are running one-way. Political support for innovations crowds out the public support, in what is called a closed shop of policy innovation (Commission-Dijsselbloem, 2009, p. 5). This institutional innovation reflects inequality of power and is a contradiction to Habermas' ideal of communicative action.

The working of an institutional field in relation to innovation is not very clear in literature, because of its diffuse cast and the informal interactions between actors. It contains a multi-agent system populated by the executives of public service providers, connected to each other in several networks. If the actors in a network operate in a cooperative mode communities of practice (Wenger, 1998) could develop shared new practices (Brandsen, 2001, p. 61). When the interaction is dominated by competition instead of trust, limits to communities of practice are observed (Roberts, 2006), like closure of information exchange and indifference concerning the environment in which the practices are located.

A competitive conception of innovation on the institutional field assumes the working of reputation. Through presentation of a successful practice on the field, the reputation of the executive among peers, supervisors, and political principals will rise to a higher level which is an incentive to be innovative. A successful practice will be transferred to working situations of peers. Competition on innovation divides a sector in forerunners and followers (Brandsen, 2001): "Some people are more creative than others. Similarly, some organizations have the people, the culture, the structure or the funds to come up with more ideas than others. It is one of the most important assets in a competitive environment."



Success attribution by peers and prove of effectiveness of innovations are not the same. In figure 2 the assessment is probably located on the institutional level, inasmuch the judgments of the clients and members of the organizations do not pervade to the institutional field other than through the verbal accounts of the executive.

Ortmann and Schlessinger (2003, p. 86) assert that reputation is not a good guide to predict organizational performance, particularly if practices are new and idiosyncratic. Rindova et al. find that prominence in the minds of stakeholders is a stronger carrier of reputation than the stakeholders' perception of an organization as able to produce quality goods (Rindova, Williamson, Petkova, & Sever, 2005). In their words 'being known' contributes more to reputation than 'being good'. Impression management and controversial actions are the very way to success in institutional environments (Elsbach & Sutton, 1992).

Considered so, one could suppose that innovation in a public sector is doomed to fail as soon as the processes on institutional are leading the executives and their political principals. An alternative route is thinkable. Executives need to have a strong public service ethos (Aldridge & Stoker, 2002). The performance of the organization in service to the clients and society is the leading criterion, which requires temporal and peer performance comparison. The executive guide the organizations in a slow and laborious way to attain success with innovations in the working field. Success attribution on the institutional field requires confirmation from clients and local society. If success is proven, the executives gather support and approval from the institutional fields which they share with the members of their organization. Thus, innovation in a public sectors require and strong grounding in (local) practices and feedback by the public.

## **Two cases of innovation in the Dutch public housing sector**

In the Dutch public housing sector the delivery is the prerogative of housing corporations, private organizations embedded in public law. Since the early nineties the Dutch government has promoted the autonomy of the housing corporations, expecting that doing so housing corporations would become more responsible and innovative. The policy is implemented by a *modus operandi* that nowadays would be considered as governance innovation and new public governance. This policy has had a promising start in the nineties (Koffijberg, 2005), a doubtful continuation since 2002 (Koolma H. M., 2008) and a breakpoint at the end of the past decade. Since 2009 the Dutch public housing sector is in serious trouble. Besides the consequences of the worldwide financial crisis the sector is suffering from an own crisis. A sequence of real estate and banking adventures, integrity violations and excessive wages have caused a loss of public credit and reprisals by political actors.

From this sector we assess two cases of innovation. The first one regards a shared development of a quality system for the deliverance of public housing (KWH<sup>4</sup>). The second one concerns a remarkable attempt to create a landmark in a deprived part of the city of Rotterdam. The landmark is a renovated

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<sup>4</sup> KWH means quality centre housing corporations rental sector

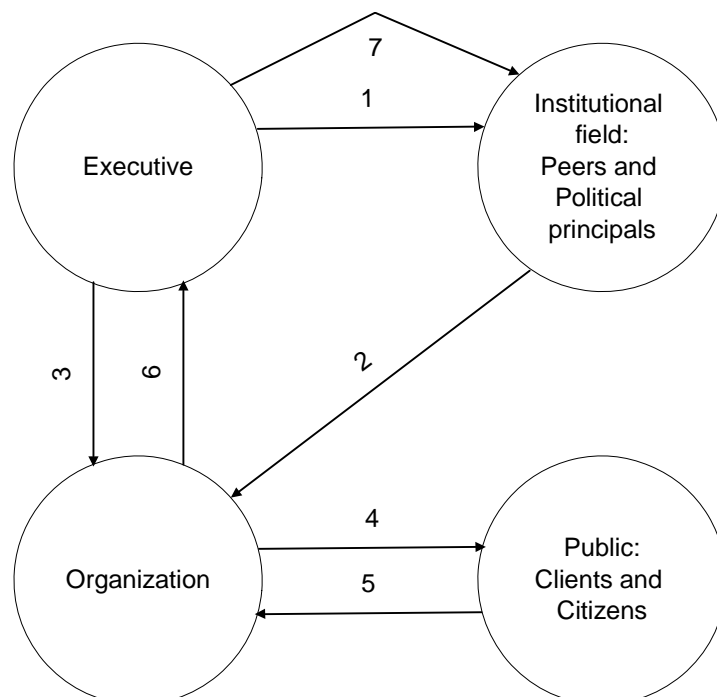
steam ship, former flagship of a famous cruise company, which would give spin offs to the education of youth and the attractiveness of the south of Rotterdam as economically vitalized residential area.

The number in the text of the two following paragraphs refer to the arrows in the flow charts.

## The KWH quality system

In the beginning of the nineties a small network of 5 housing corporations in The Hague region agreed (1) on the importance of the quality of service (KWH historie, 2013). They started a foundation that supports (2/3) the development of the quality system in the organizations. After a process of trail-and-error agreement on a common solution is found in a quality that involves evaluation by tenants (4/5). This is an important difference in comparison to ISO 9000 approaches which were tried elsewhere. The solution (6) is presented at sessions with colleagues in the Hague region and later on national stages (7). The quality system is proven in practice and in interaction with clients before it received success attribution on the institutional field. The dissemination has had a long run (Aedes, 2000). Nowadays almost the half of the housings corporations follows this practice which is generally appraised as a successful innovation and as proof that public housing has a good service level (Mossel, 2008). The foundation is transformed in a co-operative association. Ratings are public and in temporal and peer comparison all corporations try every to improve their service level. There is no data that gives evidence of the creation of positive externalities other than the increase of institutional trust.

Figure 3 The process of the KWH innovation



KWH is both a service innovation as a process-innovation. It is both a learning improvement process as a break-through innovation, because it breaks with the idea that the organizations are self-assessor as the quality of their service is concerned. In Moore's vision it will not be strategic enough. However, the reciprocal interaction with the clients is a competitive strength of housing corporations in comparison to other land lords and governmental service units, thus it could be indicated as a strategic innovation. It has been a bottom-up innovation, facilitated by a lateral initiative. Quality systems were not required by the Dutch government. Financial support was not given nor other resources. A small community of practice has evolved to a general practice, in a way the suits well community-based organizations.

### **The Rotterdam steam ship**

The housing corporation Woonbron buys in 2005 a decayed steam ship from the municipality of Rotterdam, after a permit by the Dutch government for this remarkable investment (1 / 2). The business case comprise a restoration of the ship, development of a hotel, restaurants and a conference center. In the realm of housing a short stay facility would be developed with 400 places for deprived youth. Woonbron has a strategic alliance with a institute for vocational education, the Albeda college, in order to give an impact to the level of education in the southern part of Rotterdam. The argumentation of the executive of Woonbron is that the situation in this area of Rotterdam is so serious that an unconventional break of approach is required. It is meant to be an icon for an economical revival of the area (Dossier-29453, p. 94/24). Woonbron was promoting a shift from public housing to empowerment of clients and citizens (Kromwijk & Scherpenisse, 2003; Zijlstra, 2011, p. 20).

The further course of the project is discussed more than 20 times in Dutch parliament (Dossier-29453). Woonbron reserved a budget of 6 million euro. A commercial counterpart and the Albeda college withdraw almost immediately from the project, so Woonbron is the own company in the project. The removal of asbestos is very expensive, and during the project the aim is shifted to a full restoration of this example of Rotterdam heritage (CFV, 2011, p. 15). The political support for the project both on local as national level is ongoing until 2008 when the costs exceed 200 million euro. From that point Woonbron asserts that the value of the ship in full glory will easily cover the costs, so it will be a remunerative investment. In April of 2008 the agency that has guaranteed the loans recalls its guarantee (Dossier-29453, p. 83). A task force comprising the state department and the national agencies try to rescue Woonbron from a default (WWI, 2008). The ship and a 6.000 units of the housing stock of Woonbron have to be sold and the valuation of the ship is financially restated in step to 40 million euro, implying a withdrawal of 220 million of the resources of the organization (3). In 2009 the board of supervisors withdraws under heavy pressure of the minister. When some parliamentarians request for a dismissal of the chief executive, the municipality of Rotterdam tries to intervene in the decision of the Dutch parliament by sending a letter. This intervention fails, and the chief executive decides to withdraw with a ransom of 425.000 euro (Dossier-29453, p. 199)<sup>5</sup>.

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<sup>5</sup> It is easy to detect managerial entrenchment (Shleifer & Vishny, 1989), entrapment (Hart, 1990), and financial misinformation due to overconfidence (Schrand & Zechman, 2008) in the project. The question is however, why this strategic innovation has not succeeded.

At the moment Woonbron says to have an agreement with a buyer for the ship at a price of 29,9 million euro (Wijbenga, 2012). The new CEO of Woonbron states: “A housing corporation should not on this scale invest public housing capital into semi-commercial project, which do not increase housing quality nor expand the public housing stock (translation HMK)”. The short stay facility is not realized, so no direct public housing service is achieved by the project.

The innovation is set-up as a bright example of public value creation. The production of externalities is directly addressed. Ex ante, this has to be appraised as a break-through innovation of a public entrepreneur. The authorizing environment is served very well. The project is received so enthusiastically (Dossier-29453, p. 94), that permission is given in conflict with the regulation for sideline activities (Bestuursdienst, 2001). This regulation required a risk assessment which was not filed. The regulation has an article that concerns the production of externalities. A housing corporation is allowed to invest in societal project only if the corporation owns houses in the proximity. A question is why Woonbron would not rather invest at places where it would profit from the externalities. Woonbron had other problem areas in the cities of Dordrecht and Delft and on the north bank of the river Maas. Clients of Woonbron were skeptical about the project (5), but were assured by the chief executive (6) that the public housing service would not suffer by the losses on the project (Dossier-29453, p. 94). An assessment of the externalities is made (Deuten, Lubbe, Kam, Marlet, & Plomp, 2010) but made on exaggerated assumptions about the number of visitors (Stadsontwikkeling, 2011).

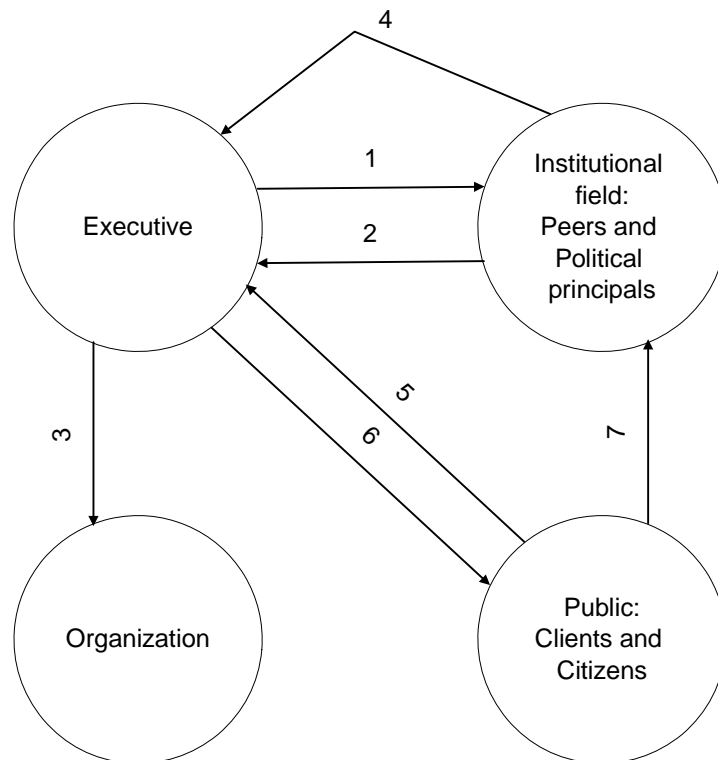
The untimely authorization by the minister blocked due assessment of the project and covered thereafter a course of action in which the investment raised from the budgeted 6 million euro till more than 200 million (Dossier-29453, p. 94). Although there was warm support among citizens in Rotterdam for the rehabilitation of this piece of heritage and the CEO received signs of admiration on the institutional field (CFV, 2011, pp. 15-18), there was no notion that the public outside Rotterdam would see the project as megalomaniac and a waste of public resources. The sentiment in the public media (7) was even more negative than for the cases of integrity violation at other housing corporations (Koolma H. M., 2011). The project is one of a sequence of managerial failures that has damaged the public reputation of housing corporations (Aedes, 2012). Support by the public for strategic innovations in public service appears to be totally misjudged by ministers and political parties. So authorization by the political principal does not guarantee legitimacy in face of the public.

The innovation process is mapped in next figure. Remarkably, the innovation had no connection to the organization<sup>6</sup> other than that the resources of the organization were used to cover the losses on the project. From the viewpoint of the organization the project was top down. The interaction between the executive and the political principal at the start of the project was informal (Dossier-29453, p. 94) and had the appearance of a lateral connection. Since the institution of the task force in 2008, the relation became top-down, restoring the formal hierarchy.

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<sup>6</sup> Woonbron instituted a special Ltd. for the project, the ‘Rederij Rotterdam BV’

Figure 4 Innovation process of the Rotterdam steamship



In Moore's model the organizational capacity is a condition for success. Woonbron appeared to have no organizational capacity whatsoever to succeed in this special project. However, at the start of the project Woonbron was well-known and reputed for its innovative power (Laverman, 2005). The proof of organizational capacity and an early-detection of risks are required when strategic innovation are deliberated and started. Regarding the taxonomy, the steamship project is both a position and a strategic innovation. Because of the fact that entrepreneurship only had associations with personal audacity and risk-taking (Dossier-29453, p. 94/31), while skills common for entrepreneurs like contracting, project management, calculating, and cost control lacked completely, the entrepreneurship of this housing corporation can be classified as rhetorical.

## Conclusion and discussion

This paper proposes an alternative approach of innovation in sectors of public service. It presents a interaction model, with an optional decoupling between institutional fields and working field. In comparison to the model of Mark Moore the public is added, comprising both clients and public. The assessment results into new insights. The idea of Moore to address innovations to production of the public goods instead of improvement of the running business is tried in the Rotterdam steamship case. The project resulted in consequences which are contrary to the intentions. One case is not enough to reject the proposition of Moore. However, it makes clear that a decoupling between public service and

externalities appears to be problematic. The twofold decoupling illustrates how institutionalization of innovation can be counterproductive (Selznick, 1957, p. 17; Meyer & Rowan, 2000) and create confusion about “who public services are supposed to serve and risk losing sight of why such universal provision is necessary” (Aldridge & Stoker, 2002, p. 6) .

Further, the authorization by the political environment does not guarantee that the chosen innovations are sufficiently legitimized. If the strategy has a weak relation to the public service purpose and practice the outcome might be judged negatively by the public environment, in spite of eventual approval by the political customers. Secondly, unjustified authorization of intended strategic innovations entails high risk of failure in public sectors. The failure is indicated by a massive waste of public resources and a loss of institutional trust.

The public value concept is based on strategic management which suggests that public service managers need to compete with their innovations. The first case is based on inter-organizational trust. The undisputed reputation of the organization in the second case was indeed a bad predictor of performance. These three observations encourage to study the relation between trust, reputation and legitimacy in the context of the governance of public sectors.

The cases date from different periods since the governance innovation in the sector which gave the housing corporations more autonomy and the executives more discretionary power. The first one starting in the nineties has gradually become a successful innovation with a slow learning curve, the second one dated one decade later and was an example of a project of conceptual thinking and doing without trail-and-error. The two opposing cases reflect the distinction Rhodes and Wanna (2007, p. 417) make between the low risk of incrementalism and emerging strategies on the one hand and the high risk of transformative leadership and adventurism on the other hand.

In a memo (Jong, 2013) to the commission of the Dutch parliament the question is raised why the corporations started the new area of autonomy with improvement while serious failures have emerged and coincided at the end of the last decade. The question brings into mind the life cycles of institutional isomorphism of Powell (1991, p. 186). Public value creation seems to be prone to isomorphism between public service providers and political policy makers. This might be a new clue to failure in institutionalized public sectors.

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